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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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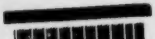


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FORM 10-Q

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

4192-2239

For the Quarter Ended March 31, 1992

Commission File Number 0-3125

GENERAL DEVICES, INC.
(Exact name of Registrant as specified in charter)

| New Jersey | 21-0661726 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

207 E. Main Street, Norristown, Pennsylvania 19404
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code:

215-272-4477

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Not Applicable

Former name, address and former fiscal year, if since last year.

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of shares outstanding of each of the issuer's classes of common stock, as of May 1, 1992:

Common Stock
$.01 Par Value
Shares Outstanding: 4,076,623

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GENERAL DEVICES, INC. AND SUBSIDIARIES

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## GENERAL DEVICES, INC. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | March 31, 1992 (Unaudited) | December 31, 1991 (note) |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 2,492 | $ 55,125 |
| Accounts and notes receivable (net of allowance for doubtful accounts of $5,000 (1992 and $125,000 for 1991) | 32,326 | 331,933 |
| Recoverable taxes | -- | -- |
| Prepaid expenses | 19,965 | 39,619 |
| Total current assets | 54,774 | 128,025 |
| Long-term notes receivable | -- | -- |
| Land, building and equipment, net | 226,456 | 241,432 |
| Other assets | | |
| Excess of cost over fair value of net assets required (net of accumulated amortization $23,536 (1992) and $28,436 (1991) | 30,996 | -- 53,109 |
| Unamortized bond issue costs | 183,993 | 183,954 |
| Other assets | 214,989 | 217,103 |
| Total assets | $ 496,219 | $ 586,560 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 927,196 | $ 939,776 |
| Accounts payable | 200,576 | 155,845 |
| Accrued payroll and payroll taxes | 12,440 | 22,029 |
| Other accrued liabilities | 254,777 | 216,091 |
| Total current liabilities | 1,394,989 | 1,333,741 |
| Long-term debt | 131,232 | 121,317 |
| Other liabilities | 337,147 | 261,546 |
| Minority interest in subsidiary | -- | 20,752 |
| Total Liabilities | 1,863,368 | 1,737,356 |
| Shareholders' equity: | | |
| Common stock $.01 par value; authorized 10,000,000 shares, issued 4,096,923 | 40,849 | 40,849 |
| Capital in excess of par value | 1,996,850 | 1,996,850 |
| Retained earnings (deficit) | (3,343,369) | (3,127,016) |
| | (1,305,670) | (1,089,317) |
| Treasury stock at cost, 20,300 shares | ( 61,479) | ( 61,479) |
| Total shareholders' equity (deficit) | (1,367,149) | (1,150,796) |
| Total liabilities and stockholders equity (deficit) | $ 496,219 | $ 586,560 |

Note: The balance sheet at December 31, 1991 has been taken from the audited financial statements at that date and condensed.

GENERAL DEVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 1992 | 1991 |
| Net sales | $ 330,464 | $ 334,668 |
| Operating expenses | | |
| Cost of sales | 259,262 | 228,700 |
| Selling, general and administrative | 189,702 | 307,157 |
| Operating profit (loss) | (122,548) | (201,189) |
| Other income and (expense): | | |
| Interest expense | (42,038) | (43,992) |
| Accunts receivable discounting costs | | |
| Gain on write off of German accouhts payable | | (83,309) |
| Earnings (loss) from continuing operations before income taxes | (164,586) | (161,872) |
| Provision for (recovery of) income taxes | | 9,563 |
| Loss from continuing operations | ($ 164,586) | ($ 171,435) |
| Discontinued operations: | | |
| Loss from opeations of discontinued operations (less applicable income taxes) | (181,906) | |
| Gain on the sale of debentures | | 67,896 |
| | ($ 225,944) | ($ 103,539) |
| Net loss per share | $ 0.06 | ($.03) |
| Dividends | None | None |
| Average weighted number of common shares outstanding | 4,068,711 | 3,710,623 |

The accompanying notes are an integral part of the financial statements.

GENERAL DEVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three months Ended March 31, | |
|---|---|---|
| | 1992 | 1991 |
| Cash flow from operating activities: | | |
| Net income (loss) | $(348,492) | $ (101,519) |
| Adjustments to reconcile net income (loss) to net cash flows provided from operating activities | | |
| Equity adjustment for foreign currency translation | | (49,800) |
| Depreciation and amortization | 6,199 | 10,700 |
| Loss on disposal of investments | 181,906 | -- |
| Write off old German payables | - | (76,621) |
| Gain on purchase of GDI 13.5% debentures | - | (67,896) |
| Changes in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 955 | 69,145 |
| Decrease(increase) in prepaid expenses | 11,223 | 14,651 |
| Decrease (increase) in recoverable taxes | - | 246,732 |
| Increase (decrease) in accounts payable and accrued expenses | 31,416 | 45,368 |
| Decrease (increase) in other assets | 6,431 | 51,468 |
| Increase (decrease) in other liabilities | 51,719 | 3,065 |
| Total adjustments | 297,849 | 246,814 |
| Net cash provided (used) by operations | (50,643) | 145,275 |
| Cash flows from investing activities: | | |
| Capital expenditures | -- | (7,182) |
| Net cash provided (used) by investing activities | -- | (7,182) |
| Cash flows from financing activities: | | |
| Net payments on long-term debt | -- | (2,796) |
| Purchase of GDI 13.5% debentures | -- | (1,993) |
| Dividend paid to minority shareholder of subsidiary company | -- | (80,000) |
| Net cash provided (used) by financing activities | -- | (86,789) |
| Net increase (decrease) in cash and cash equivalents | (52,643) | 51,304 |
| Cash and cash equivalents-beginning | 55,125 | 429,580 |
| Cash and cash equivalents-end | 2,482 | $ 480,884 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | 1,465 | $ 3,999 |
| Income taxes | | 13,847 |

GENERAL DEVICES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheet as of March 31, 1992, the condensed consolidated statement of operations for the three months ended March 31, 1992 and 1991 and the condensed consolidated statement of cash flows for the three months ended have been prepared by the Company without audit. In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position at March 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosure normally included in financial statements in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1991 Form 10-K. The results of operations for the period ended March 31, 1992 are not necessary indicative of the operating results for the full year.

2. Shareholders' Equity

During the three months ended March 31, 1992, shareholders' equity decreased due to the following items: net loss of $225,944 along with writeoff of the goodwill asset of MRG Search and Placement after the sale.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations

### Sales

Net sales in the Company's continuing operations were down 1.3% from that of the same quarter in 1991, due to a 27% decline in the sales in the executive placement business. Even though the technical service business increased 48% overall in the first quarter, the executive placement business was by far a higher dollar sales as well as higher profit business last year. Prospects for further growth in executive recruiting sales were so dim we sold our interest on March 27, 1992. While the remaining domestic technical services business (which represented 47% of total first quarter sales in 1992 and 32% in 1991) is sluggish, there are opportunities for growth in non-defense customers. The Company will place less emphasis on large high volume contracts, which usually yield lower markups, and concentrate on smaller higher yield contracts.

GDI Euroforce, Ltd. was sold in June of 1990 and the Company had no sales overseas in the first quarter of 1991 or 1992. Sales in the Company's foreign operations were $113,000 in the first quarter 1990.

### Operating Costs and Expenses

Overall gross margins for the first quarter declined mainly due to higher cost of sales in the executive recruiting business. The gross margin in the technical services business improved in 1992 due to higher markups. Overall selling, general and administrative expenses stayed the same. Overhead in the executive services business stayed about the same also.

The accounting operations staff in our headwquarters office hsas been reduced significantly, as tne result of the sale of much of the Company's technical services business and the MRG Search and Placement. Significant cost reductions in the remaining technical services business will result from the elimination of costs for reduction of staff, telephone service, insurance coverage, etc. over the remainder of 1992.

### Interest Expense

Accounts receivable discounting costs for the first quarter of 1992 were more than in 1991 because we didn't start doing receivable financing until October 1991. Our only interest was that was due on the $928,000 debentures now outstanding but in default. This interest is being accrued. The only other interest is the interest on the Norristown headquarters building mortgage.

Income Taxes

There were no provisions made for taxes on income in the first 3 months of 1992.

At December 31, 1991, the Company had net operating loss carry-forwards for federal income tax purposes of approximately $2,100,000 and general business credit carryforwards of approximately $100,000. These losses and credits are available to reduce future income taxes, and will expire in various years through 2006.

Liquidity and Capital Reserves

At March 31, 1992 the Company had a negative working capital of ($1,340,215) versus a negative working capital of ($1,192,672) at December 31, 1991, an additional decrease of $147,543 in working capital. Net income or loss for the first 3 months of 1992 amounted to $225,944. The further decrease in working capital resulted primarily from funding of the loss from operations of $164,586 less non cash depreciation and amortization of $6,199, and also the writeoff of the assets resulting from the sale of MRG Search and Placement. Working capital is negative at both December 31, 1991 and March 31, 1992 caused because the Company defaulted on the interest payment due December 1, 1990 on the outstanding debentures which required reclassification to the current debt as of December 31, 1990. The Company did not make the semi annual interest payment on the debentures due June 1, 1991 or on that due on December 1, 1991 either. The face amount of the debentures outstanding as of March 31, 1992 is $928,000.

At March 31, 1992 the Company had no outstanding borrowing with banks. Prompted by the fact that profits in our Search and Placement business all but dried up at the end of 1991 and we could no longer depend on that subsidiary for cash flow help, the Company was forced to arrange other financing. As reported earlier the impractability of arranging high cost "factoring" financing for our small amount of accounts receivable encourgaged management to accept the offer of a principal of the Company, the President, to make loans to the Company on an accounts receivable factoring basis through a company owned by him, but at least ½ the cost as any of the concerns the Company had investigaged would charge. This financing arrangement was used through the 1st quarter of 1992 and still is in place.

As mentioned in previous reports that further infusion of long term capital would be necessary if the Company was to continue in business in 1992 and beyond. The Company has tried vigorously to do just that. The Company could no longer depend on MRG Search and Placement for cash and in fact required our funding help to make their monthly commitments during the 1st quarter. We were forced to "sell" our

interest as we could no longer fund the subsidiary much less absorb their losses. On March 27, 1992, GDI and the minority stockholder of MRG sold our stock to two of the employees of MRG. We recorded a substantial loss but stopped a substantial cash drain and most of all a potential obligation we would not be able to meet. We have tried unsuccessfully to sell the Company's headquarters building, as yet we have been striving to sell it for more than the mortgage. We have investigated the possibility of selling the King of Prussia EPA cleanup property but it is virtually worthless until the EPA would give it a clean bill of health. This will be long coming, if ever, as they are still cleaning it up. The Company has been hoping to settle with the German government on our assets held there but with no success. Our auditors wrote the whole asset off as uncollectible as stated in our annual report of December 31,1991. We have been in litigation on this for 13 years.

In addition, to factoring the accounts receivable the principal's (the President of the Company) Company has also in addition advanced the Company $25,000 working capital and taken a mortgage on the EPA ground as collateral.

Long term objectives are to stay in business as small as it is. We have cut our operating overhead down to a maintenance stature, just keeping in business with the few customers we have at present. We will move to small quarters shortly, as we attempt to rent or sell the Company owned building we are in.

Part II - Other Information

Item 1. Legal Proceedings

On January 16, 1991 the German Supreme Court, in a verbal hearing in response to a request for appeal by the German Tax Court, declined to rule on the case and directed that the lower German court verdict be expunged because more consideration should have been given to evidence involving the employment status of the individuals contracted by General Devices, GmbH. The Supreme Court referred the case back to the lower court which is expected to rule again on the case during 1992. Please refer to our 1991 Annual Report to Shareholders for more details on this case.

In July 1991, the Company asked its German legal counsel to propose to the German authorities that they return at least a majority of the funds held in escrow in exchange for possible concessions by the Company. As mentioned above in Part I our German counsel is negotiating a possible settlement with the German Tax authorities currently. There has been no change in the status of other litigation.

Item 2. Changes in Securities
None

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K
Exhibit I - The sale of GDI's ownership of 51 shares or 51% of MRG Search and Placement, Inc. sold on March 27, 1992. Was reported on Form 8-K attached as an exhibit.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

GENERAL DEVICES, INC.

Dated: May 15, 1992

By:
Theodore A. Raymond
President -
Chief Executive Officer

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 and 15(d) of the Securities Exchange Act of 1934

Date of Report April 10, 1992

GENERAL DEVICES, INC.
(Exact name of registrant as specified in its charter)

| New Jersey | 21-0661726 |
|---|---|
| (State or other jurisdiction of incorporation) | (I.R.S. Employer identification No.) |

| 207 E. Main Street, Norristown, Pennsylvania | 19404 |
|---|---|
| (Address of principal executive offices) | (zip code) |

Registrant's telephone number, including area code:

215-272-4477

Not Applicable
(Former name or former address, if changed since last report)

Item 1. Changes in Control of Registrant

None

Item 2. Acquisition or Disposition of Assets

On March 27, 1992, the Company sold its remaining 51 shares of common stock in its majority owned subsidiary, MRG Search and Placement, Inc., a Connecticut based executive search company to two of the search firms employees in exchange for $7,650 and additional payments based on receivables due to MRG Search and Placement, Inc. These payments could amount to approximately $24,000 in additonal cash payments. The Company did however, forgave intercompany charges and loans which together with the write off on original good will and investment in MRG Search and Placement, Inc. resulted in a net loss to General Devices, Inc. of approximately $155,000.

The effective date of the purchase by the two MRG Search and Placement employees was March 27, 1992.

Item 3. Bankruptcy or Receivership

None

Item 4. Changes in Registrant's Certifying Accountants

None

Item 5. Other Events

None

Item 6. Resignations of Registrant's Directors

None

Item 7. Financial Statements and Exhibits

Included as Exhibit I is a Proforma Statement of Operations for the calendar year 1991 showing the effect of MRG Search and Placement operations in relation to the total operations of General Devices, Inc.

Please refer to the General Devices, Inc. 1991 10-K Annual Report for Balance Sheet Information.

A copy of the Stock Purchase and Sale Agreement is included as Exhibit II.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL DEVICES, INC.
(Registrant)

April 10, 1992

By: _____
Theodore A. Raymond
President

Exhibits:

Exhibit I - General Devices, Inc. and Subsidiaries Proforma Statement of Operations

Exhibit II - Stock Purchase and Sale Agreement

EXHIBIT I

GENERAL DEVICES, INC. AND SUBSIDIARIES
PROFORMA STATEMENT OF OPERATIONS
For the Year Ended December 31, 1991
(Unaudited)

| | Including MRG Search and Placement | MRG Search and Placement Only | Without MRG Search and Placement |
|---|---|---|---|
| Net Sales | $1,539,227 | $ 956,975 | $ 582,252 |
| Cost of Sales | 1,132,116 | 558,261 | 573,856 |
| Gross Margin | 407,111 | 398,714 | 8,397 |
| Selling,general and administrative expenses | 1,437,397 | 391,377 | 1,044,020 |
| Gain(loss) Operations | (1,030,286) | 5,337 | (1,035,623) |
| Other Income (Expense) | | | |
| Interest Expense | (137,920) | -0- | (137,920) |
| W/O of Investments | (722,867) | -0- | (722,867) |
| Gain - Retire of Bond | 209,845 | -0- | 209,845 |
| Management Fees | -0- | (28,606) | -0- |
| Other Income (Expense) | $ (650,942) | $ (28,606) | $ (650,942) |
| Net Loss | $(1,681,228) | $ (23,269) | $(1,686,565) |

Note 1
The Proforma Statement of Operations was prepared by Management without audit. Please refer to the General Devices, Inc. year ended December 31,1991 Form 10-K for balance sheet information.

EXHIBIT II

STOCK PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made effective as of the close of business on the 27th day of March, 1992, by and among STEVEN POLAK of Guilford, Connecticut ("Polak"); GENERAL DEVICES, INCORPORATED, a New Jersey corporation with a place of business in Philadelphia, Pennsylvania ("GDI") and, together with Polak, the ("Seller"); GARY KUCHACHIK of Milford, Connecticut ("Kuchachik"), and THOMAS LENGYEL of New Haven, Connecticut ("Lengyel") and, together with Kuchachik, the ("Buyer").

W I T N E S S E T H :

WHEREAS, the Seller is now and for some time, has been the owner in fact and of record of ONE HUNDRED (100) SHARES of the issued and outstanding common stock of MRG SEARCH & PLACEMENT, INC., a Connecticut Corporation having a principal place of business in New Haven, Connecticut (the "Corporation"), held FIFTY-ONE (51) SHARES by GDI and FORTY-NINE (49) SHARES by Polak, which shares are evidenced by the following stock certificates (the the "Certificates"):

| SUBSCRIBER | DATE OF CERTIFICATE | CERTIFICATE NO. | NO. OF SHARES |
|---|---|---|---|
| General Devices, Inc. | July 19, 1991 | 12A | 51 |
| Steven Polak | June 29, 1990 | 5A | 10 |
| Steven Polak | June 29, 1990 | 4A | 8 |
| Steven Polak | May 10, 1989 | 2A | 2 |
| Steven Polak | December 5, 1991 | 13A | 23 |
| Steven Polak | April 1, 1991 | 10A | 6 |

WHEREAS, the aforesaid ONE HUNDRED (100) SHARES of stock represent all of the issued and outstanding shares of stock in the Corporation;

WHEREAS, the Buyer is willing to purchase all ONE HUNDRED (100) SHARES of said stock of the Corporation owned by the Seller and the Seller is willing to sell said ONE HUNDRED (100) SHARES to the Buyer, all upon the terms, considerations, conditions, covenants and agreements hereinafter contained.

NOW THEREFORE, in consideration of the premises and the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The Seller agrees to sell, transfer and assign to the Buyer, and the Buyer hereby agrees to purchase the above-described shares of stock of the Corporation owned by the Seller upon the terms and conditions and for the purchase price hereinafter set forth.

2. The Seller represents and warrants (a) that they are the owners in fact and of record of the above-described shares of stock of the Corporation being sold and purchased hereunder; (b) that they have good and marketable title thereto; (c) that they have the right to sell, assign and transfer said ONE HUNDRED (100) SHARES to the Buyer; (d) that said shares are free and clear of any liens, pledges, security interests and encumbrances; and (e) that said ONE HUNDRED (100) SHARES represent one hundred (100%) percent of the total shares of stock of said Corporation presently issued and outstanding; (f) that they are aware of no threatened or pending litigation involving the Company; (g) that rent on the Corporation's offices at 900 Chapel Street, New Haven, Connecticut, has not been paid for February and March, 1992; and (h) that the Corporation was dissolved by forfeiture on October 25, 1991. Said representations shall survive the closing.

GDI only represents and undertakes, as applicable, the following: (a) it is the records keeper for the Corporation; (b) all corporate federal and state taxes due have been paid through December 31, 1991; (c) although the 1991 tax returns have not yet been filed, there are no taxes due at this time; (d) the Corporation's fiscal year ends on December 31; (e) all 1991 tax returns required shall be prepared and filed by GDI not later than September 15, 1992; and (f) all original corporate books and records shall be turned over to Buyers. Said representations shall survive the closing.

Notwithstanding any of the provisions of Paragraph 8 hereof to the contrary, no payments shall be made to Seller until Buyers have received copies of the 1991 corporate state and federal tax returns which have been filed and certified by GDI.

3. The Seller, in consideration of the execution of this Agreement by the Buyer and the payment of the purchase price by the Buyer covenants and represents to the Buyer that: the Corporation will pay all telephone bills received by it prior to closing. Buyers and the Corporation may set off against any sums owed to Sellers under this Agreement the full amount of all telephone bills for usage only, and not including charges for rewiring and moving the service, accrued to the date of Closing, which charges are hereby accepted as the responsibility of Sellers.

8. The parties agree to the following method for handling the proceeds of existing accounts receivable, work in progress, consulting fees and similar payments received by the Corporation:

(a) All sums collected as a result of those accounts receivable or interviews in progress listed on the attached Schedule 8(a) shall be divided among the parties as follows:

(i) The Corporation shall retain fifty (50%) percent of said sum, reduced by the amount, if any, of any negative draw of the originating employee as shown on the books of the Corporation as of the close of business on March 27, 1992.

(ii) The balance shall be divided with GDI to receive fifty-one (51%) percent, and Polak to receive forty-nine (49%) percent.

(b) All sums collected which are net to the Corporation after payment of the temporary consultants, including sums collected for renewal of consultants contracts, as a result of the placement of temporary consultants as listed in the attached Schedule 8(b) shall be divided among the parties as follows:

(i) The Corporation shall retain seventy-five (75%) percent of said sum, reduced by the amount, if any, of any negative draw balances of the originating employee as of the close of business on March 27, 1992.

(ii) The balance shall be divided with fifty-one (51%) percent paid to GDI and forty-nine (49%) percent paid to Polak.

(iii) Payments to Sellers shall be made upon receipt of payments from client Company and shall include all future payments received as a result of the placements listed on Schedule 8(b).

(c) All sums collected as a result of the accounts receivable or work in progress for which Polak is responsible, as listed on the attached Schedule 8(c) shall be divided among the parties as follows:

(i) The Corporation shall not retain any portion of these receipts.

(ii) Polak shall receive seventy-four and one-half (74.5%) percent of such sums.

(iii) GDI shall receive twenty-five and one-half (25.5%) percent of such sums.

4. The total purchase price to be paid by the Buyer to the Seller for said above-described ONE HUNDRED (100) SHARES of stock of the Corporation is FIFTEEN THOUSAND ($15,000) DOLLARS, which shall be divided SEVEN THOUSAND SIX HUNDRED FIFTY ($7,650) DOLLARS to GDI, fifty-one (51%) percent, and SEVEN THOUSAND THREE HUNDRED FIFTY ($7,350) DOLLARS to Polak, forty-nine (49%) percent, which purchase price shall be in paid full at the closing in accordance with Paragraph 6(b) hereof, plus, as additional considerations, payments in accordance with Paragraph 8 hereof to be divided between Polak and GDI as therein specified.

5. The closing shall take place at the offices of Yost & Associates, P.C., Attorneys at Law, Two Whitney Avenue, New Haven, Connecticut, on March 27, 1992, or at such earlier or later date as may be mutually agreed upon by the parties hereto, with the purchase and sale to be effective as of the close of business on March 27, 1992.

6. At the closing:

(a) The Seller shall endorse the Certificates of the Corporation, representing said ONE HUNDRED (100) SHARES of stock of the Corporation and deliver them into escrow in accordance with a Collateral Assignment and Pledge Agreement executed of even date herewith.

(b) The Buyer shall deliver to the Seller a bank or certified check for the sum of FIFTEEN THOUSAND ($15,000) DOLLARS, representing the balance of the purchase price for said ONE HUNDRED (100) SHARES of stock of the Corporation.

(c) The Sellers shall each execute and deliver, or cause to be executed and delivered, to the Buyer, the resignations of Polak, Theodore Raymond, William Raum and James Heneses as Directors, President, Vice-President, Secretary and Treasurer, as the case may be, of the Corporation.

(d) The Sellers shall deliver all original corporate documents to Buyers, including the corporate checkbook with a remaining balance of SIX THOUSAND, FIVE HUNDRED TWENTY-THREE ($6,523) DOLLARS representing the positive draws of J. Culotta and G. Kuchachik.

7. The Buyer hereby agrees that he will use his best efforts to file with the Secretary of State the resignations of the officers and directors tendered in accordance with Paragraph 6(c) hereof no later than fourteen (14) days from the date of closing.

(d) The net proceeds (after deduction of legal fees and costs) of a collection action brought on behalf of the Corporation against New Jersey Municipal Data which has been settled for the amount of TWO THOUSAND FIVE HUNDRED ($2,500) DOLLARS shall be divided with GDI receiving fifty-one (51%) percent and Polak receiving forty-nine (49%) percent.

(e) Any and all tax refunds for the year 1991, and specifically the refund in the amount of EIGHT THOUSAND EIGHT HUNDRED EIGHT ($8,808) DOLLARS due from the Connecticut Department of Revenue Services, received by the Corporation shall be divided with fifty-one (51%) percent paid to GDI and forty-nine (49%) percent paid to Polak and immediately remitted to them when received by Buyer.

(f) All payments due GDI and Polak under this Paragraph shall be made by the Corporation immediately upon its receipt of the funds. Notwithstanding the preceding sentence, if the Corporation has provided its client company with a refund guarantee, then payment to GDI and Polak shall be delayed until the expiration of said guarantee period.

(g) Polak and GDI, or their agents, shall have the right, upon reasonable notice, to review and audit the financial records of the Corporation as long as any payments due under this paragraph remain outstanding.

(h) The Buyers shall pledge the stock of the Corporation purchased in this transaction to Sellers as security for satisfaction of all obligations of the Corporation to Sellers under this Paragraph 8 and shall execute a Collateral Assignment and Pledge Agreement and such other documents as Sellers' counsel may reasonably request in conjunction therewith.

(i) Buyers shall have a right of setoff against sums owed pursuant to this Paragraph 8 only for outstanding telephone charges to the date of closing, and for no other reason. Polak and GDI agree that if a setoff occurs it will be charged to them at the rate of forty-nine (49%) percent against funds due Polak and fifty-one (51%) percent against funds due GDI.

(j) At all times, any and all sums to be paid to GDI and Polak shall be segregated in a separate "trustee" account and not commingled with other funds of the Corporation.

9. As additional consideration for this transaction, the employment Agreement between the Corporation and Polak, dated January 1, 1992, is hereby terminated in all respects. Polak shall retain ownership of the furniture in his office, the computer and peripherals, and the two (2) file cabinets outside his office.

10. The parties acknowledge that Seller shall not provide information, and the Buyer will not make notices, required under the provisions of the Connecticut Bulk Sales Law to the extent that such law has application to the within transaction.

11. Buyer has no knowledge that any of the representations and warranties of the Seller contained herein are untrue or incorrect. Buyer and Seller agree that this Agreement represents the entire agreement between the Seller and the Buyer, supersedes all prior agreements and understandings relating to the subject matter hereof. The Buyer agrees that in executing this Agreement, and consummating the transactions contemplated hereby, he is relying solely upon the terms of the Agreement and is not relying on any other statements of the Seller, or the employees or agents of the Seller not contained herein, nor is the Buyer relying upon any written statement, document or instrument from whomever obtained other than as aforesaid.

12. In the event that any matter of disagreement shall arise between the parties hereto with reference to this Agreement, (whether such disagreement arises before or after the closing), such disagreement shall be promptly settled by arbitration in New Haven, Connecticut, in accordance with the rules then obtaining of the American Arbitration Association. The fees and costs of such arbitration shall be borne and paid for by the parties hereto in equal shares.

13. All notices, requests, demands and other communications hereunder shall be in writing and be deemed to have been duly given if delivered personally to the party for whom intended, or if mailed via U.S. prepaid certified or registered mail, return receipt requested to the Seller at Yost & Associates, P.C., 2 Whitney Avenue, New Haven, Connecticut 06510, Attention Samuel Goodbaum, Esq., or the Buyer at Fazzone, Nuzzo & Baillie, P.C., One Towne Center, Cheshire, Connecticut 06410, Attention Anthony Fazzone, Esq., or at such other addresses as either of the parties may have furnished to the other party in writing in accordance with the requirements of this Paragraph.

14. This Agreement may not be assigned by either party without the written consent of the other and it shall be binding upon the heirs, executors, administrators, successors of the parties hereto.

15. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this 27th day of March, 1992.

Signed, sealed and delivered in the presence of:

Steven Polak, Seller

GENERAL DEVICES, INC., SELLER

By: _____

Its _____

Gary Buchachik, Buyer

Thomas Langyel, Buyer

MRG SEARCH & PLACEMENT, INC.

By: _____

Its President

STATE OF CONNECTICUT)
) SS: NEW HAVEN March 27, 1992
COUNTY OF NEW HAVEN )

Personally appeared Steven Polak, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

Commissioner of the Superior Court

STATE OF ~~CONNECTICUT~~ Pennsylvania)
) SS: ~~NEW HAVEN~~ Norristown
COUNTY OF ~~NEW HAVEN~~ Montgomery ) March 27, 1992

Personally appeared Theodore A. Raymond, who acknowledged himself to be President of General Devices, Inc., signer and sealer of the foregoing instrument, and acknowledged the same to be his/her free act and deed, and the free act and deed of said Corporation, before me.

Notary Public
~~Commissioner of the Superior~~ Court

STATE OF CONNECTICUT)
) SS: NEW HAVEN March 27, 1992
COUNTY OF NEW HAVEN )

Personally appeared Gary Kuchachik, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

Commissioner of the Superior Court

STATE OF CONNECTICUT)
) SS: NEW HAVEN March 27, 1992
COUNTY OF NEW HAVEN )

Personally appeared Thomas Lengyel, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, before me.

Commissioner of the Superior Court

STATE OF CONNECTICUT)
) SS: NEW HAVEN March 27, 1992
COUNTY OF NEW HAVEN )

Personally appeared Steven Polak, who acknowledged himself to be President of MRG Search & Placement, Inc., signer and sealer of the foregoing instrument, and acknowledged the same to be his\her free act and deed, and the free act and deed of said Corporation, before me:

Commissioner of the Superior Court

STOCK1
4038-2

SCHEDULE 8A
MRG - ACCOUNTS RECEIVABLE 3/27/92

| Recruiter | Company & Contact | Candidate | Start | Amount |
|---|---|---|---|---|
| T. Lengyel | Advest Bank-Bill Werner<br>Hartford, CT<br>(1 year replacement guarantee) | Zena Person | 3/30 | $15,000 |
| G. Kuchachik | Computron-Vinny Renz<br>Rutherford, NJ<br>(90-day refund guarantee) | Barbara Lehman | 3/23 | $3,500 |
| J. Culotta | GENSTAR-Cary Palmer<br>San Francisco, CA<br>(no guarantee) | Beth Richardson | 3/16 | $11,400 |
| J. Culotta | GTE-Sparenet-Tom Florio<br>McLean, Vir.<br>Consultant Casi paid in full. MRG retains 50% of markup of $600 Bal to SP & GDI. Prepaid portion of markup 205-100% to SP & GDI | Casi Co. | Var | $805 |
| J. Culotta | Spectrum Assoc.-Mr. Crane<br>Woburn, MA<br>(no guarantee) | Laurie Leehan | | $200 |
| B. Hughes | Emergency Medical Billing<br>Ken Rappaport<br>Livingston, NJ<br>(30-day replacement guarantee) | Russ Huneke | 3/23 | $1,810 |
| B. Hughes | Nat. Med. Care-Mimi Blair<br>Rockleigh, NJ<br>(60-day repacement guarantee) | John Creegan | 3/23 | $13,000 |
| J. Culotta | Resultant-Gary Sapington<br>Dan Leipold<br>Silver Spring, MD<br>(no guarantee) | Brian Edminster<br>Mike Suit | | $2/hr.<br>$2/hr. |

## SCHEDULE 8A
## INTERVIEWS IN PROGRESS

| Recruiter | Company & Contact | Candidate |
|---|---|---|
| G. Kuchachik | St. Paul Reinsurance<br>New York, New York<br>Trevor Byrne | Todd Caimosino<br>Sherry Cameron<br>Rick Dejohn<br>Scott Redfern |
| G. Kuchachik | Cognos<br>Vienna, Vir.<br>Burlington, MA-<br>Steve Schwartz<br>Cincinnati - Joe Renn | Greg Garner<br>Debbie Conci<br>Loretta Dicker |
| G. Kuchachik | USA Today-Jeff Keduk<br>New York, NY | Cindy Bartlott<br>Jill Infante |
| G. Kuchachik | Elizabeth Arden<br>Stamford, CT-Gene Smith | David Simmons<br>Diane Esposito<br>Barbara Harris<br>P.J. Clem |
| G. Kuchachik | Barclay Bank<br>New York, NY<br>Larry Paley | Rich Solarno |
| G. Kuchachik | Seton-Denny McGowan<br>New Haven, CT | Wayne Cooper<br>Joe Maluzo<br>Quince Brown |
| G. Kuchachik | Holokrome<br>West Hartford, CT | Hugh Bronson |
| G. Kuchachik | JP Morgan<br>New York, NY<br>Through Galaxy Personnel<br>Jim Sullivan | Rich Solarno<br>Scott Redfern |
| G. Kuchachik | JDA<br>Stamford, CT<br>Jim Smith | Barbara Harris |
| G. Kuchachik | Pilot Pen<br>Trumbull, CT | Jeff Fale<br>Quince Brown |
| G. Kuchachik | Knogo<br>through Huntington<br>Personnel<br>Ginette Harvey<br>516-549-8885 | Mike Pompano |

| | | |
|---|---|---|
| B. Hughes | Caschem-Paul Klobelen<br>Bayonne, NJ | John Thomas |
| B. Hughes | GAF- Paul Dixson<br>Wayne, NJ | Cathy Murphy |
| J. Culotta | GTE-Spacenet-<br>Bill Thompson<br>McLean, Vir. *<br>Through Maxy Assoc.<br>301-248-6860<br>Debbie Mathea | Eric McCullough |
| J. Culotta | CDSI-Harry Yocum<br>Rockville, MD | Dennis Stoner |
| J. Culotta | Fusion-Joel Collamore<br>Rockville, MD | Jackie McCoy |

SCHEDULE
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SCHEDULE 6B
HRG - CONTRACTS FOR CONSULTANTS 3/27/92

| Recruiter | Company & Contact | Consultant | Markup |
|---|---|---|---|
| J. Culotta | Westinghouse-Phil Panus<br>Abingdon, Vir. | Ted Johnson | $6/hr. |
| J. Culotta | GTE-Spacenet-Tom Florio<br>McLean, Vir. | Cindy Kersey | $12/hr. |
| B. Hughes | Hoechst Celamese-<br>Alison Preston<br>Sommerville, NJ | Carol Grobels | $15/hr. |
| G. Kuchachik | Skandia-Leslie Nelson<br>Shelton, CT - Todd Flade | Cliff Russell | $20/hr. |
| J. Culotta | Fusion-Joel Collamore<br>Rockville, MD | James Donahue | $11.50/hr. |

SCHEDB
4038-2

SCHEDULE 8C

STEVEN POLAK'S ACCOUNTS RECEIVABLE - 3/27/92

| Company & Contact | Candidate | Start | Amount |
|---|---|---|---|
| Pepsi-Cola-Emmalisa Rossini Sommers, NY (30-60-90-day payment) | Jean Swed | 1/9 | $13,750 |
| Computron-Vinny Renz Rutherford, NJ (90-day refund guarantee) | Barbara Lehman | 1/23 | $3,500 |

SCHEDC
4038-2

DRAW BALANCES AS OF 3/27/92

J. Culotta - +$2,649

G. Kuchachik - +$3,874

T. Lengyel - -$5,100

B. Hughes - -$ 616

DRAW
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